

**STATE WATER RESOURCES CONTROL BOARD  
BOARD MEETING SESSION – DIVISION OF FINANCIAL ASSISTANCE  
AUGUST 18, 2020**

**ITEM 6**

**SUBJECT**

CONSIDERATION OF A PROPOSED RESOLUTION TO DELEGATE AUTHORITIES RELATED TO THE PROPOSITION 68 GROUNDWATER TREATMENT AND REMEDIATION GRANT PROGRAM

**DISCUSSION**

The State Water Resources Control Board's (State Water Board) Division of Financial Assistance (DFA) is administering the Proposition 68 Groundwater Treatment and Remediation (Prop 68 GW) Grant Program. Proposition 68 allocated \$74 million for grants for treatment and remediation activities, \$16 million of which is set-aside for projects serving severely disadvantaged communities (SDACs).

The State Water Board adopted the Prop 68 GW Grant Program Guidelines (Prop 68 GW Guidelines) on August 20, 2019, targeting funding toward operations and maintenance (O&M) of existing treatment and remediation systems that prevent or reduce contamination of groundwater that serves as a source of drinking water. Consistent with the Prop 68 GW Guidelines, DFA planned to award all funding through a single solicitation, except applications for the SDAC set-aside which can be accepted continuously. The general solicitation closed January 2020. There was not adequate demand to utilize all the funds, with no eligible applications from SDACs. In May 2020, DFA opened an additional streamlined solicitation for SDAC needs. Proposals are being evaluated, but again demand does not appear sufficient to utilize the full allocation.

This item proposes new authorities to allow DFA to fully utilize the available funds for beneficial projects, as described below.

Waiving Maximum Funding Award per Applicant

The San Gabriel Basin Water Quality Authority (WQA) has an extensive groundwater cleanup program, which includes coordinating the cleanup of a large Superfund site in the Main San Gabriel Valley Groundwater Basin. WQA submitted two proposals, requesting grant funding of approximately \$31.6 million for their regional remediation program, and an additional \$3.7 million specifically for work within the disadvantaged community (DAC) of El Monte. Both projects would utilize the funding for O&M of numerous groundwater treatment facilities in the Main San Gabriel Groundwater Basin, which encompasses approximately 167 square miles in eastern Los Angeles County.

Given the extensive eligible needs documented in WQA's proposals, and the relatively limited demand from other agencies, DFA is recommending the State Water Board

authorize the Deputy Director of DFA to award funds in excess of the \$20 million maximum per applicant established in the Prop 68 GW Guidelines. Excluding the SDAC set-aside, approximately \$58 million is available. If WQA is awarded their full grant request, total awards for non-SDAC projects would be approximately \$38 million.

#### Allowing the Use of Remaining Funds for Drinking Water Needs

Remaining Prop 68 GW Grant Program funds, including those from the SDAC set-aside, can be used for drinking water projects serving DACs and SDACs that do not necessarily remediate the aquifer but treat contaminated groundwater for direct potable use.

DFA recommends first funding eligible O&M projects consistent with the Prop 68 GW Guidelines. Funds remaining thereafter can be directed toward either: drinking water treatment capital projects consistent with the Proposition 1 Groundwater Grant Program (GWGP) Guidelines; or eligible drinking water treatment projects, including interim treatment costs and related planning or technical assistance, consistent with the Safe and Affordable Drinking Water Fund Expenditure Plan.

Because the requirements are not relevant to drinking water projects, DFA proposes that projects funded consistent with the Prop 1 GWGP Guidelines or the Safe and Affordable Drinking Water Fund Expenditure Plan be exempted from complying with the Prop 68 GW Guidelines. DFA will continue to ensure, however, that the use of these funds follows statutory requirements.

Section 80008 of the Public Resources Code allows planning or technical assistance to DACs to exceed ten percent of the funds allocated, if the agency administering the funds determines there is a need for more. DFA recommends authorizing the Deputy Director of DFA to make such determination if needed.

#### Extending Agreements for Prop 68 GW O&M Projects

The majority of the Prop 68 GW O&M projects will continue to operate past the existing June 2023 appropriation end date. If budget authority is extended in the future, DFA proposes to continue funding drinking water projects serving DACs and SDACs as described above, and then to use any unencumbered funds remaining as of the end of 2022 to extend executed agreements for the O&M projects funded according to the Prop 68 GW Guidelines.

### **POLICY ISSUE**

Should the State Water Board:

1. Delegate authority to the Deputy Director of DFA to approve Proposition 68 GW Grant Program awards exceeding the \$20 million per applicant limitation established in the Prop 68 GW Guidelines.

2. Delegate authority to the Deputy Director of DFA to award remaining Proposition 68 GW Grant Program funds for drinking water treatment projects, consistent with Section 80141 of the Public Resources Code and either the Proposition 1 GWGP Guidelines or the Safe and Affordable Drinking Water Fund Expenditure Plan, which may include providing more than ten percent of the allocation for planning or technical assistance, respectively, as determined based on need.
3. Waive the Prop 68 GW Guidelines for drinking water projects funded per Item 2.
4. Delegate authority to the Deputy Director of DFA to utilize any funds remaining unencumbered as of the end of 2022 to extend executed funding agreements for the O&M projects funded according to the Prop 68 GW Guidelines, contingent upon budget authority.

### **FISCAL IMPACT**

Proposition 68 provided approximately \$74 million for matching grants for prevention or reduction of contamination in groundwater that serves as a source of drinking water, \$16 million of which is set-aside for projects serving SDACs. No funds have been encumbered to date. If this resolution is approved, Proposition 68 funding will be more fully utilized for eligible beneficial projects.

### **REGIONAL BOARD IMPACT**

None.

### **HUMAN RIGHT TO WATER ANALYSIS**

The proposed actions are consistent with [Resolution No. 2016-0010](#), in which the State Water Board adopted the human right to water as a core value and top priority. As directed by the State Water Board, DFA staff have determined that the proposed actions support the human right to water by providing funding to prevent or reduce the contamination of groundwater that serves as a source of drinking water.

### **STAFF RECOMMENDATION**

DFA staff recommends adoption of the proposed resolution.